

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7501

BILL NUMBER: SB 539

NOTE PREPARED: Jan 11, 2011

BILL AMENDED:

SUBJECT: Financial Responsibility Verification System.

FIRST AUTHOR: Sen. Waterman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Bureau of Motor Vehicles (BMV) to establish and implement a Financial Responsibility Verification System. The bill specifies requirements and reporting related to the Financial Responsibility Verification System. It also allows the BMV to charge a registration fee to pay for the Financial Responsibility Verification System. This bill also makes an appropriation.

Effective Date: July 1, 2011.

Explanation of State Expenditures: This bill will require the BMV to establish and implement a Financial Responsibility Verification System by January 1, 2012. The funding for this system is to be provided from revenue generated from a \$0.75 fee assessed on the registrations of qualifying vehicles.

Additionally, the bill will require the BMV to report to the General Assembly regarding the system by January 1, 2014.

These provisions will increase the workload of the BMV. However, any additional expenditure to establish and implement the system (or contract out the implementation) and report to the General Assembly are expected to be provided from revenue generated for the Financial Responsibility Verification System Fund (also created by the bill).

Explanation of State Revenues: This bill is expected to increase state revenue by approximately \$4.7 M per year.

The BMV reports there were approximately 6.3 million qualifying registrations issued in CY 2009 that would

be subject to the \$0.75 fee that will be deposited into the Financial Responsibility Verification System Fund.

Given the effective date of the bill and the date BMV is required to have the verification system established, the BMV will only have collected 6 months worth of registration fees, or approximately \$2.36 M.

Additional Information: The Financial Responsibility Verification System Fund is established solely for the purpose of funding the establishment, implementation, and maintenance of the verification system. The fund is to be administered by BMV. Money in the nonreverting fund is annually appropriated to the BMV.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: BMV.

Local Agencies Affected:

Information Sources: BMV data.

Fiscal Analyst: Bill Brumbach, 232-9559.